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DEPT FOR EAP/MTS, EAP/RSP, DRL FOR MARK MITTELHAUSER  
DEPT OF LABOR FOR ILAB

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SUBJECT: LABOR UNION STRIKES AT CAVITE ECONOMIC ZONE FACTORY

REF: A. MANILA 4464

- [1](#)B. 05 MANILA 4831
- [1](#)C. 05 MANILA 688
- [1](#)D. 04 MANILA 5552

[1](#)1. (SBU) Summary: Union members at Chong Won Fashion, a clothing manufacturer at the government-owned Cavite Economic Zone, launched a strike September 25. The management of the factory refuses to negotiate with union leaders and initiated legal action against the union. The strike has garnered international attention due to an e-mail and letter-writing campaign by the Workers Assistance Center, a reportedly left-leaning non-governmental organization based in Cavite, as well as speculation that the murder of a Philippine Independent Church bishop may have been connected to the labor dispute. Wal-Mart, the only buyer of Chong Won goods, is active in negotiations to reach resolution. The labor dispute illustrates the challenges faced by labor unions in the Philippines, especially within the special economic zones. End Summary.

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UNION SEEKS COLLECTIVE BARGAINING  
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[1](#)2. (U) The Cavite Economic Zone (CEZ) is the largest government-owned and managed special economic zone in the Philippines. The CEZ, located in Rosario, Cavite, about 20 miles south of metro-Manila, currently houses 254 companies that employ more than 80,000 workers. The majority of companies manufacture semiconductors and electronic equipment, but some companies also produce clothing, plastics, metal parts, and other items. The Philippine Economic Zone Authority (PEZA), the government agency that manages the CEZ, estimates that approximately 10 percent of the labor force within the zone belongs to organized labor groups.

[1](#)3. (U) On September 25, 2006, the United Workers of Chong Won Fashion, a Korean-owned garment factory at CEZ, launched a strike with the assistance and support of the Solidarity Workers of Cavite -- a labor union federation -- and the Workers Assistance Center because of the factory's refusal to negotiate a collective bargaining agreement. More than 100 workers joined the picket line during the first days of the strike. Chong Won Fashion, according to union leaders, immediately terminated 116 striking employees, allegedly without cause. Because of the terminations, the striking employees have not been able to access the CEZ to re-join the picket line.

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ALLEGED VIOLENCE ON THE PICKET LINE  
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14. (SBU) A clash between the striking workers and CEZ security guards erupted shortly after the union organized a picket line. PEZA representative Mary Jane Arada told poloff that violence broke out when the CEZ guards attempted to secure a path through the picket line to the entrance of the Chong Won factory. According to Arada, the striking employees were blocking entrances and preventing non-union workers from entering. Arada showed poloff photos of CEZ guards who had minor stab wounds from sharp objects, allegedly inflicted by striking workers during the September 25 incident. CEZ has filed charges of physical injuries against members of the union. Conversely, union leaders at Chong Won contend that it was the CEZ guards who assaulted and harassed workers on the picket line. However, the union has not filed a formal complaint with police authorities.

15. (U) Following the September 25 incident, a small contingent of local police was deployed to the CEZ to supplement the limited number of PEZA guards. On September 27, the striking employees barricaded the gates of the CEZ to prevent a cargo truck carrying finished goods from exiting the premises. The local police intervened to allow the cargo truck to exit. Union leaders claim they were harassed and beaten by the police during this intervention. PEZA and local police authorities vehemently deny these allegations.

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LEGAL ACTIONS DELAY RESOLUTION  
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16. (U) The United Workers has struggled since its founding to enter into negotiations with management. According to union leaders, the union's first attempts for certification in 2001

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were allegedly countered by management threats of employee terminations or a factory shutdown. The union filed a petition for certification in 2002, but the company responded by terminating more than half of the union members and the majority of the union's officers. The union members filed complaints of unfair labor practices with the Philippine Department of Labor and Employment (DOLE) and initiated their first strike, which lasted six months.

17. (U) The union won certification in July 2005, when DOLE issued a final judgment certifying the union as sole and exclusive bargaining representatives of the factory. Chong Won then filed administrative appeals with DOLE and the National Conciliation and Mediation Board (NCMB) and judicial actions before the courts. Despite the union's numerous letters of intent to management to start collective bargaining negotiation and NCMB's mediation, Chong Won continues to refuse to negotiate. Chong Won's position has been to wait until the legal process is exhausted before it considers negotiation with the union.

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No Apparent Connection to Ramento's Murder  
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18. (SBU) Several media and non-governmental organization reports have linked the killing of Philippine Independent Church Bishop Alberto Ramento (ref A) with the ongoing labor dispute in Cavite. Ramento previously served as chairman of the Workers Assistance Center, which helped the union organize the current strike, and was generally involved in workers rights advocacy in Cavite, his hometown. The speculation that Ramento's murder was connected to the Cavite strikes appears to have originated on the website of the Workers Assistance Center. However, Arnel Salvador, Deputy Executive Director of the Workers Assistance Center, told poloff that Ramento had no direct contact with the union and doubted there was any connection. Philippine National Police contacts reported that Ramento's murder was the result of a

robbery by a criminal gang in the Tarlac area, where the murder took place. The police have arrested four individuals and have recovered items stolen from Ramento.

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COMMENT  
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19. (SBU) Chong Won will likely exhaust all legal remedies before negotiating with the labor union and, given chronic delays in the Philippine judicial process, the dispute could drag on indefinitely. Chong Won's legal maneuvering leaves it open to charges of infringement on the rights to freedom of association and collective bargaining and is illustrative of the challenges unions face in negotiating agreements. However, there are some positive signs. Wal-Mart Country Representative Edwina Reunilla is actively engaging all parties in the dispute, and is setting up a meeting later this month involving management, the union, the Workers Assistance Center, and potential buyers. So far, all parties have agreed to participate. Post will continue to follow this case and report on further developments.

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